

A bill for an act
relating to transportation; providing for funding of transportation infrastructure
projects through the cooperation of state-chartered banks; imposing penalties;
proposing coding for new law in Minnesota Statutes, chapter 161.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[161.075] USE OF BANK-CREATED MONEY FOR
TRANSPORTATION FUNDING.**

Subdivision 1. **Applicability.** (a) The funding of all state, county, statutory or home
rule charter city, and town highways, streets, roads, bridges, transit systems, and other
transportation infrastructure projects must be achieved in lieu of taxation or bonding
through the use of state-chartered banks to create money as provided in this section.

(b) For purposes of this section, "state-chartered bank" means a bank chartered
in Minnesota.

Subd. 2. **Use of project money.** The governmental agency sponsoring a project
referenced in subdivision 1 shall submit documentation of it to the commissioner of
management and budget for funding. The documentation must contain the accepted,
verified, and authorized project bid. The commissioner of management and budget shall
assign the project a unique project number and shall arrange funding of the authorized bid
value with the wealth-based money authorized by this section.

Subd. 3. **Origination and movement of project money.** (a) The commissioner
of management and budget shall notify all state-chartered banks of the project number
and its total bid value. The bid value must be divided among all state-chartered banks in
proportion to their capital and surplus as of the due date of their financial reports submitted
to the commissioner of commerce under section 48.48, for the most recent reporting

period that ended at least 90 days before the date of notification to the state-chartered banks regarding that project. Using the accepted ability of banks to create money, each state-chartered bank shall create money equal to its share of the bid value of each project.

(b) Each state-chartered bank shall then electronically transfer this money to the commissioner of management and budget.

(c) The commissioner of management and budget shall then electronically transfer this money as payment under the terms of the project contract into a checking account maintained by the contractor in a state-chartered bank. The commissioner shall make the payments only at the direction of the governmental agency for which the project is performed.

Subd. 4. **Direction to bank examiners.** The state-chartered banks are free of any reserve requirements affected by the creation of money required under this section; this money is deemed to be an asset to the state-chartered bank, to the state, and to the people of this state, and not as a liability to anyone.

Subd. 5. **Auditing; public transparency.** The state auditor and legislative auditor shall ensure an ongoing and accurate accounting for and of the total amount of this money created to fund transportation infrastructure projects under this section. The state auditor shall update this accounting on the first business day of the third week of each month and make it available online to all Minnesota residents.

Subd. 6. **Criminal penalty for compliance or fraud.** (a) Any noncompliance or fraud relating to this section by any officer or employee of a state-chartered bank; any official or employee of the state, county, statutory or home rule charter city, or town; or any officer or employee of a contractor or subcontractor is a felony and is subject to the penalties provided in paragraph (b).

(b) Any person found guilty of noncompliance or fraud relating to this section is subject to a fine of up to \$100,000,000 and imprisonment of up to 40 years, or both.

Subd. 7. **Pilot project; first real project.** (a) The commissioners of management and budget and transportation shall implement and administer a pilot project, which must be completed within 90 days after the effective date of this section, to test and ensure the successful implementation of all procedures required by this section.

(b) The first project after the pilot project must be J. Edward Anderson's Personal Rapid Transportation System, also called the Intelligent Transportation System.

Subd. 8. **Cooperation required.** The commissioners of commerce, transportation, and management and budget shall work together with the state-chartered banking system to monetize the state's transportation infrastructure system with wealth-based debt-free money through the procedure provided in this section.

3.1 **EFFECTIVE DATE.** This section, except subdivision 7, paragraph (a), and
3.2 subdivision 8, is effective January 1, 2010, and applies to all projects for which bids are
3.3 solicited on or after that date. Subdivision 7, paragraph (a), and subdivision 8 are effective
3.4 the day following final enactment.